

TABLE OF CONTENTS

EXECUTIVE SUMMARY REPORT.....	2
ANALYSIS PROCESS	3
SPECIALTY AND RESPONSIBLE APPRAISER	3
HIGHEST AND BEST USE ANALYSIS	3
SPECIAL ASSUMPTIONS, DEPARTURES AND LIMITING CONDITIONS.....	4
IDENTIFICATION OF THE AREA	4
<i>Name or Designation: Major Retail Property</i>	<i>4</i>
<i>Boundaries: All of King County.....</i>	<i>4</i>
<i>Maps:</i>	<i>4</i>
PRELIMINARY RATIO ANALYSIS	6
SCOPE OF DATA	6
<i>Land Value Data.....</i>	<i>6</i>
<i>Improved Parcel Total Value Data.....</i>	<i>6</i>
IMPROVED PARCEL TOTAL VALUES.....	6
SALES COMPARISON APPROACH.....	7
COST APPROACH	7
<i>Cost calibration</i>	<i>8</i>
INCOME CAPITALIZATION	8
THE NATIONAL ECONOMY	6
PUGET SOUND ECONOMIC CONDITIONS.....	7
INCOME APPROACH CALIBRATION.....	10
RECONCILIATION AND OR VALIDATION STUDY OF CALIBRATED VALUE MODELS INCLUDING RATIO STUDY OF HOLD OUT SAMPLES.	11
MODEL VALIDATION	11
TOTAL VALUE CONCLUSIONS, RECOMMENDATIONS AND VALIDATION:	11

Executive Summary Report

Appraisal Date 1/1/07 – 2007 Assessment Year – 2008 Tax Roll year

Specialty Name: Major Retail Properties

Sales - Improved Analysis Summary:

Number of Sales: **five**

Range of Sale Dates: 1/2004 – 3/2007

Sales – Ratio Study Summary:

	Average Assessed Value	Mean Sales Price	Weighted Mean Ratio	COV*
2006 Value	\$52,194,100	\$55,725,000	93.66%	9.94%
2007 Value	\$55,200,500	\$55,725,000	99.06%	5.16%
Change	+\$ 3,006,400		+5.40%	-4.78%
% Change	+5.76%		+5.76%	-48.08%

*COV (Coefficient of Variation) is a measurement of uniformity, the lower the number the better the uniformity. The figures -4.78% and -48.08% (change) represent an improvement in the ratio between the assessed value of a property and the sales price of that property.

All sales within the retail specialty, verified as good, were included in the analysis, with the exception of properties which were significantly altered (buildings remodeled or enlarged, or changed parcel size, after the sale).

Population - Parcel Summary Data

	Land	Imps	Total
2006 Value	\$1,334,623,600	\$1,655,106,700	\$2,989,730,300
2007 Value	\$1,553,430,300	\$1,831,670,400	\$3,385,100,800
Percent Change	+16.39%	+10.67%	+13.22%

Number of Parcels in the Population: **248**

Conclusion and Recommendations

Since the values contained in this report improve assessment level, uniformity, equity, and reliability, it is recommended that these values be posted for the 2007 Assessment Roll.

Analysis Process

Specialty and Responsible Appraiser

Specialty Area: Major Retail area 250

Highest and Best Use Analysis

As if vacant: In general, the highest and best use of major retail properties is development of the site to retail use. In some cases other intense commercial use, such as office construction or a mixed-use commercial project, is feasible.

As if improved: Based on county-wide trends, both in demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. In most cases, the current improvements add value to the property and are considered the highest and best use of the property as improved. In some cases, land values have increased substantially in recent years and now the income approach will not support an improvement value. In these cases, a token value of \$1,000 is assigned to the improvements.

Standards and Measurement of Data Accuracy

Each sale was verified with the buyer, seller, real estate agent, or tenant when possible. Current data was verified if possible and corrected when necessary.

Special Assumptions, Departures and Limiting Conditions

All three approaches to value were considered in this analysis.

The following Departmental guidelines were adhered to:

- Sales from 2004 through 2007 were used in the analyses, specifically sales from 1/2004 to 3/2007.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of three years of market information without adjustment for time averaged any net changes over the three-year period.
- This report is intended to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: Major Retail Property

Major retail properties consist of regional malls, single tenant discount retailers and big box retailers. The regional mall properties are defined as those multi-tenanted properties in excess of 200,000 square feet of gross leasable area. The single tenant discount retailers and big box properties are generally in excess of 100,000 square feet. The major retail properties, in total, consist of 248 parcels.

Boundaries: All of King County

Maps:

A map showing the properties physically inspected for the 2007 revalue is included in this report. More detailed Assessor's maps are located on the seventh floor of the King County Administration Building.

Area Description

King County major retail properties fall into a number of categories. The most visible are the Regional Shopping Centers such as Northgate, Bellevue Square, Southcenter, and the Commons at Federal Way. There are also the single tenant, discount retailers such as Fred Meyer, Target, Wal-Mart, and Mervyn's. There are the big box retail stores such as Lowe's, Home Depot, Sam's Club and Costco as well as a Factory Outlet Mall in the Great Northwest Factory Stores of North Bend. Properties that are more difficult to classify include the Supermall of the Great Northwest, Westlake Center and Pacific Place.

Physical Inspection Area

The following malls were physically inspected for the 2007 assessment year:

- Nordstrom, downtown Seattle, Neighborhood 10
- Southcenter Neighborhood 11
- Macy's, downtown Seattle, Neighborhood 12
- Pacific Place, Neighborhood 13
- Meridian Center East and West, Neighborhood 15
- Westlake Mall, Neighborhood 20
- Bellevue Square Neighborhood 21
- Northgate Mall, Neighborhood 23
- University Village, Neighborhood 25
- The Commons at Federal Way Neighborhood 65
- Bella Bottega, Neighborhood 67
- Lincoln Square Neighborhood 68

In addition to the above referenced malls, the following big box stores were inspected:

- Fred Meyer stores located in Ballard, Greenwood, Aurora and Lake City
- Lowe's HIW, Aurora
- K-Mart, Aurora
- Northgate North
- Ikea
- Levitz in Tukwila

Big box stores are all designated as Neighborhood 30.

The number of properties inspected for the 2007 assessment represents 30.45% of the major retail specialty. The percentage of properties was greater than usual due to new construction and properties, which were recently transferred into the major retail specialty, were inspected for this year's revalue.

Neighborhood Descriptions

Properties that have similar characteristics including effective age, quality, predominate use and location are grouped into neighborhoods for the purpose of building economic income models. Totem Lake Mall and Kirkland Park Place utilize the same income model. They are both located in Kirkland, are similar in age, quality and property use. Neighborhoods were created for south Bellevue (Factoria Square), Renton (Fairwood), North Bend (Northwest Factory Outlet Stores), and Issaquah (Issaquah Commons).

Preliminary Ratio Analysis

A preliminary ratio study was calculated prior to the application of the 2007 recommended values. The study benchmarks the current assessment level using 2006 posted values. The ratio study was repeated after application of the 2007 recommended values. The results, which are included in the validation section of this report, show an improvement in the COV from 9.94% down to 5.16%.

Scope of Data

Land Value Data

The land values for major retail properties were selected by the geographic appraiser for a given area. Please refer to the appropriate area reports for discussions of land valuation.

Improved Parcel Total Value Data

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. Interior inspections were made to the properties that were physically inspected for this revalue. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report.

Improved Parcel Total Values

General Market Conditions:

The National Economy

Continuous consumer spending, low vacancy rates and decent returns are keeping investors searching for acquisition and development opportunities. Neighborhood centers anchored by top grocers remain a preferred category within this sector. Top investment locations include Los Angeles, San Diego and Seattle.¹

¹ Korpacz Real Estate Investor Survey, 4thth Quarter 2006, pg.4

Puget Sound Economic Conditions

Seattle employers are on track to add 30,400 jobs by years end, a 1.8% increase. Of the metro's new jobs, 8,700 positions are expected to be in the high-paying professional and business services sector.² Rising production levels at Boeing will help bolster the manufacturing sector for the second consecutive year. The city's growing cruise ship industry will provide a significant boost to the local economy. As a result, retail sales are projected to increase another 4 to 4.5 percent this year, after jumping 6.5 percent in 2006. Personal income is forecasted to increase 8.1% in 2007 in the Puget Sound region³. Strong demographics, stable retail fundamentals, and rising property values will continue to attract retail investors to the Seattle area.

Executive Summary ⁴

- Seattle's rating in the National Retail Index increased from eighth last year to #5 for 2006
- Job growth in the Seattle region is expected to increase 1.8%
- Developers will complete 1.5 million square feet of new retail space in 2007
- Developers are increasingly bringing mixed-use properties to the market
- Owners will increase asking rents 3.8 percent this year.
- Investor interest in Seattle's retail market will remain strong amid continued economic growth and solid fundamentals. Buyers will continue to compete for a limited number of quality properties, putting continued upward pressure on prices.

Sales Comparison Approach

Individual property sales were used to analyze individual property values but the sales comparison approach was generally not relied upon because of the relatively few sales that have taken place, and in the case of the regional malls, the difficulty in relating one mall to the other. Location, size, age, condition and tenant composition are characteristics that help stratify the individual property sales. There were five improved sales in the Major Retail specialty (area 250) with a sales price range of \$125 to \$217 per square foot of gross leaseable area (GLA) with an average sales price per square foot is \$171.

Cost approach

Cost estimates are calculated using the Marshall and Swift cost valuation service model in the computerized "Real Property" program for all improved parcels. Depreciation is based on studies done by Marshall & Swift Valuation Service. The dynamics of the retail market as well as the fact that income is the primary characteristic, around which investment analysis revolves, make it difficult to utilize the cost approach in valuing most

² Marcus & Millichap, Special Research Report, 2007 Annual Report, pg. 49

³ Marcus & Millichap, 2007 Annual Report, pg. 6 Conway Pedersen Economics' Puget Sound Economic Forecaster

⁴ Marcus & Millichap, Special Research Report, 1st Annual Report, pg. 49

major retail properties. Accordingly, the cost approach is usually limited to valuing new construction and/or remodeling in the major retail properties.

Cost calibration

The Marshall & Swift cost-modeling system is built into the Department of Assessment's Real Property application and automatically calibrates to the data in place in this application. This commercial cost estimator is also calibrated to the Western region and the Seattle area.

Income Capitalization

The income approach to valuing major retail properties is based upon the analysis of a rental income stream. Rental rates, operating expenses and capitalization rates are obtained from sold properties and local and national publications. These sources assist the Assessor in estimating the appropriate rental rates, operating expenses, and capitalization rates for local, major retail properties.

Puget Sound Retail Market / CB Richard Ellis/ 4th Qtr 2006

Location	SF Leased Area	Vacancy w/ Sublease	Average NNN Rent
Downtown CBD	1,475,317	3.20%	\$38.12
Bellevue/Eastside	11,258,421	4.25%	\$24.71
Northgate/North Seattle	3,265,712	2.19%	\$26.33
South-end	10,657,668	2.69%	\$23.10

This report includes all multi-tenant buildings 50,000 square feet and greater, all freestanding buildings of at least 20,000 square feet and downtown buildings greater than or equal to 25,000 square feet.

American Council of Life Insurers (ACLI) provides data that is related to Commercial Mortgage Commitments (loans), made by its reporting members on commercial properties, including retail properties. Here is a comparison of two years of the nation-wide, fixed rate loan data on retail properties. Figures for last year's report, the 4th quarter of 2005 are as follows:

Retail Loans by Loan Size	4 th Qt. 2005 # Loans	\$ Amount Committed	Avg. Loan Amount	Cap. Rates	Loan/ Value
Less than \$2 million	106	115,548,000	1,090,000	8.4%	64.6%
\$2 million - \$4,999,999	56	180,457,000	3,222,000	7.9%	65.7%
\$5 million - \$14,999,999	59	533,845,000	9,048,000	7.2%	64.6%
\$15million - \$24,999,999	10	178,475,000	17,848,000	7.0%	67.5%
\$25 million and over	16	1,658,794,000	103,675,000	6.0%	62.1%
Average				6.6%	63.3% ⁵

The loan figures for the end of year 2006 show a slowing in the loans for the retail sector over 2005. The number of loans and the total loan amount decreased. Capitalization rates increased forty basis points. However, capitalization rates remain below historical averages.

Retail Loans by Loan Size	4th Qt. 2006 # Loans	\$ Amount Committed	Avg. Loan Amount	Cap. Rates	Loan/ Value
Less than \$2 million	71	78,400,000	1,104,000	8.1%	64.4%
\$2 million - \$4,999,999	38	112,705,000	2,966,000	8.0%	63.9%
\$5 million - \$14,999,999	47	411,534,000	8,756,000	7.5%	62.8%
\$15million - \$24,999,999	11	208,650,000	18,968,000	6.1%	62.6%
\$25 million and over	10	720,400,000	72,040,000	6.6%	63.7%
Average				7.0%	63.4% ⁶

This data illustrates that investors perceive that larger, more expensive investment quality properties, which require larger loans as having less risk and, therefore, have lower capitalization rates. This has been consistently the trend for a number of years.

The Korpacz Real Estate Investor Survey is a national publication that has a wealth of information. The survey represents a cross section of major institutional equity real estate market participants who invest primarily in institutional-grade (investment quality) property. Rates and other assumptions presented in the survey indicate the participant's expectations from institutional-grade real property investment. Institutional-grade properties are those properties sought out by institutional buyers that have the capacity to meet the prevalent institutional investment criteria, which are referred to in this survey. In

⁵ American Council of Life Insurers(ACLI), Commercial Mortgage Commitments, Year to Date 2005

the retail market, Korpacz reports on the National Regional Mall Market, the National Power Center Market, and the National Strip Shopping Center Market.

National Regional Mall Market

“According to the current survey of participants, regional malls classifications based on inline store retail sales per square foot are as follows:

<u>Class</u>	<u>Inline Retail Sales PSF⁶</u>
A+	\$450 and up
A	\$350 to \$449
B+	\$300 to \$349
B	\$250 to \$299
C+	\$200 to \$249
C	\$125 to \$199
D	Less than \$125

The retail sector of commercial real estate investment has remained strong. In the Seattle Metropolitan Statistical Area, retail is the healthiest of all commercial property investments. Even though a lack of quality offerings, a competitive buying pool, and limited chances for both income and value appreciation are temporarily pushing some investors to the sidelines, others are eager to acquire retail assets, especially grocery-anchored centers and fortress malls. As a result, many investors believe that now is a good time to sell such properties. Top investment locations for retail assets include Orange County, Seattle, Miami, Los Angeles and metro Washington, DC⁷

Investment and Property Characteristics: National Markets

Capitalization Rates for National Regional Mall Market ⁸		
Class	Range	Average
A+ and A	5.00% - 8.30%	6.35%
B+ and B	6.00% - 9.50%	7.73%

Income approach calibration

Properties were valued based on an income model using economic rents, typical vacancy and credit loss, expenses, and capitalization rates. The income model was calibrated and adjustments were based on effective age and quality of construction. Fifteen tables were created to value the less complex mall properties and downtown Seattle department

⁶ Korpacz Real Estate Investor Survey, 4th Quarter 2005, pg. 68

⁷ Korpacz Real Estate Investor Survey, 4th Quarter 2005, pg. 4

⁸ Korpacz Real Estate Investor Survey, 4th Quarter 2006, Tables: RM1, PC2, SC3

stores. The following parameters were used to value these properties: typical rents for retail (use code 353) ranged from \$15.00 to \$20.00 per square foot of rentable area and capitalization rates were 7.50% to 8.50%. Allowances for vacancy and collection loss were stabilized at 5% and expenses at 10%.

The complex mall properties in King County were appraised individually. Anchor stores have relatively low rents, less than \$6.00 per square foot per year where smaller retail stores in premium locations may lease for \$60 per square foot per year. Capitalization rates of 6.0% to 8.0% were used in the analysis of the regional malls. The investment quality of the property determined the capitalization rate. Location, condition, age, and tenancy were considered in the valuation of the regional malls.

Generally, the institutional grade properties were analyzed using higher average rents and lower capitalization rates than non-institutional grade properties.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

Values for all parcels were reviewed by the specialty appraiser for correctness of the model application before final value was selected.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The appraiser determines which value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

Application of the recommended values, results in improved assessment level, uniformity and reliability. The weighted mean ratio showed an improvement in the assessment level from 93.66% to 99.06%, the coefficient of variation improved from 9.94% to 5.16% and the price related differential improved from .98 to 1.01. The standard statistical measures of valuation performance are all within IAAO guidelines.

The total assessed value for the 2006 assessment year was \$2,989,730,300 and the total recommended assessed value for the 2007 assessment year is \$3,385,100,800. Application of these recommended values for the 2007 assessment year (taxes payable in 2007) results in a total change from the 2006 assessments of + 13.22%. The increase is due to market appreciation, lower income capitalization rates, new construction and updated property characteristics.

USPAP Compliance

Client and Intended Use of the Appraisal:

This mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a mass appraisal report as stated in USPAP SR 6-8. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes. The purpose of this report is to explain and document the methods, data and analysis used in the revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation plan is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-07-030 (3) REAL PROPERTY VALUATION—HIGHEST AND BEST USE.

True and fair value -- Highest and best use. *Unless specifically provided otherwise by statute, all property shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Any reasonable use to which the property may be put may be taken into consideration and if it is peculiarly adapted to some particular use, that fact may be taken into consideration. Uses that are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in valuing property at its highest and best use.*

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than

similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

'Highest and best use' is defined in The Appraisal of Real Estate, twelfth edition, page 305, as follows: "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value."

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Assumptions and Limiting Conditions:

- 1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.*

2. *No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.*
3. *No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.*
4. *Rental areas herein discussed have been calculated in accord with generally accepted industry standards.*
5. *The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.*
6. *The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.*
7. *The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.*
8. *No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers for ad valorem tax purposes, although such matters may be discussed in the report.*
9. *Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.*
10. *The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, or otherwise in the Assessor's database, easements adversely affecting property value were not considered.*
11. *An attempt to segregate personal property from the real estate in this appraisal has been made.*
12. *Items which are considered "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements, are included in the valuation unless otherwise noted.*
13. *The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.*
14. *I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.*
15. *Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.*

Scope Of Work Performed:

Research and analyses performed are identified in the body of the revaluation report. The assessor has no access to title reports and other documents. Because of legal limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments.

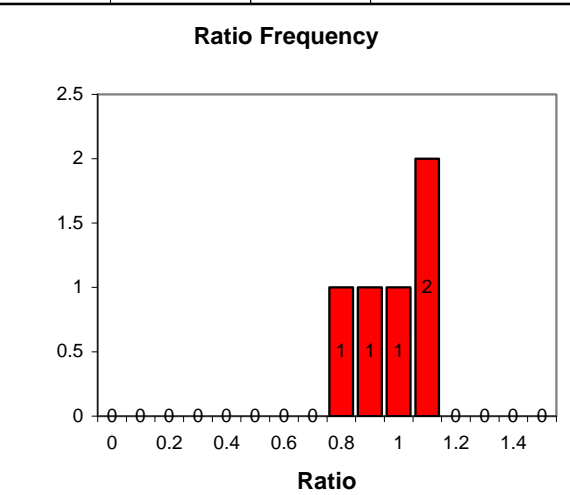
Disclosure of interior home features and, actual income and expenses by property owners is not a requirement of the law therefore attempts to obtain and analyze this information are not always successful. The mass appraisal performed must be completed in the time limits indicated in the Revaluation Plan and as budgeted. The scope of work performed and disclosure of research and analyses not performed are identified throughout the body of the report.

CERTIFICATION:

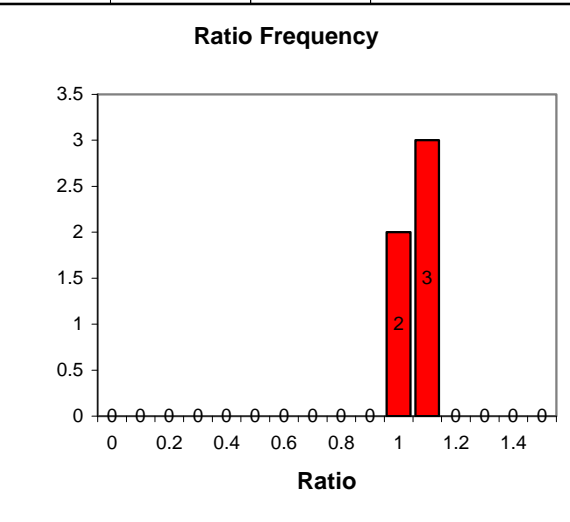
I certify that, to the best of my knowledge and belief:

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *The individuals listed below were part of the “appraisal team” and provided significant real property appraisal assistance to the person signing this certification.*

2006 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:	
East Crew	1/1/2006	4/30/2007	1/1/04 - 03/31/07	
Area	Appr ID:	Prop Type:	Trend used?: Y / N	
250	JPLA	Improvement	N	
SAMPLE STATISTICS				
Sample size (n)	5	<div><div>Ratio Frequency</div></div>		
Mean Assessed Value	52,194,100			
Mean Sales Price	55,725,000			
Standard Deviation AV	33,869,436			
Standard Deviation SP	34,049,011			
ASSESSMENT LEVEL				
Arithmetic mean ratio	0.915	<div>These figures reflect ratios of sales prices to assessed value prior to the 2007 revalue.</div>		
Median Ratio	0.911			
Weighted Mean Ratio	0.9366			
UNIFORMITY				
Lowest ratio	0.7960			
Highest ratio:	1.0050			
Coefficient of Dispersion	7.74%			
Standard Deviation	0.0910			
Coefficient of Variation	9.94%			
Price-related Differential	0.98			
RELIABILITY				
95% Confidence: Median				
Lower limit	0.796			
Upper limit	1.005			
95% Confidence: Mean				
Lower limit	0.835			
Upper limit	0.995			
SAMPLE SIZE EVALUATION				
N (population size)	248			
B (acceptable error - in decimal)	0.05			
S (estimated from this sample)	0.0910			
Recommended minimum:	13			
Actual sample size:	5			
Conclusion:				
NORMALITY				
Binomial Test				
# ratios below mean:	3			
# ratios above mean:	2			
z:	0			
Conclusion:	Normal*			
*i.e., no evidence of non-normality				

2007 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:	
East Crew	1/1/2007	7/30/2007	1/1/04 - 06/30/07	
Area	Appr ID:	Prop Type:	Trend used?: Y / N	
250	JPLA	Improvement	N	
SAMPLE STATISTICS				
Sample size (n)	5	<div>Ratio Frequency</div> 		
Mean Assessed Value	55,200,500			
Mean Sales Price	55,725,000			
Standard Deviation AV	32,622,413			
Standard Deviation SP	34,049,011			
ASSESSMENT LEVEL				
Arithmetic mean ratio	1.003	<div>These figures reflect the ratio of sales prices to assessed value after completion of the 2007 revalue.</div>		
Median Ratio	1.006			
Weighted Mean Ratio	0.9906			
UNIFORMITY				
Lowest ratio	0.9262			
Highest ratio:	1.0630			
Coefficient of Dispersion	3.66%			
Standard Deviation	0.0517			
Coefficient of Variation	5.16%			
Price-related Differential	1.01			
RELIABILITY				
95% Confidence: Median				
Lower limit	0.926			
Upper limit	1.063			
95% Confidence: Mean				
Lower limit	0.957			
Upper limit	1.048			
SAMPLE SIZE EVALUATION				
N (population size)	248			
B (acceptable error - in decimal)	0.05			
S (estimated from this sample)	0.0517			
Recommended minimum:	4			
Actual sample size:	5			
Conclusion:	OK			
NORMALITY				
Binomial Test				
# ratios below mean:	2			
# ratios above mean:	3			
z:	0			
Conclusion:	Normal*			
*i.e., no evidence of non-normality				

Improvement Sales for Area 250 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
250	038	401930	1655	208,563	2272019	\$29,138,000	03/15/07	\$139.71	LAKE FOREST PARK SHOPPING CENTER	TC	1	Y	
250	038	401930	1655	208,563	2223831	\$27,000,000	07/14/06	\$129.46	LAKE FOREST PARK SHOPPING CENTER	TC	1	Y	
250	015	197670	0045	415,187	2158933	\$90,100,000	09/30/05	\$217.01	Meridian Center West (Niketown,	DOC2-30	2	Y	
250	058	244270	0060	499,717	2093211	\$95,387,075	12/29/04	\$190.88	FACTORIA SQ SHOPPING CENTER	F1	14	Y	
250	051	692840	0020	294,371	2014355	\$37,000,000	01/21/04	\$125.69	TOTEM LAKE SHOPPING CTR-LOWER	BC	4	Y	

Improvement Sales for Area 250 with Sales Not Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
250	011	359700	0240	86,115	2178285	\$1,345,100	12/23/05	\$15.62	SOUTHCENTER- MERVYN'S	TUC	1	18	Quit claim deed
250	011	359700	0240	86,115	2178286	\$1,345,100	12/23/05	\$15.62	SOUTHCENTER- MERVYN'S	TUC	1	22	Partial interest (1/3, 1/2, etc.)
250	015	197670	0055	267,335	2238307	\$908,846	09/14/06	\$3.40	MERIDIAN CENTER EAST	DOC2 50	1	33	Lease or lease-hold
250	023	292604	9488	59,216	2111956	\$1,250,200	03/30/05	\$21.11	LAMONTS	NC3-85	1	22	Partial interest (1/3, 1/2, etc.)
250	030	212204	9135	93,190	2131233	\$8,277	04/12/05	\$0.09	FRED MEYER	GC	1	24	Easement or right-of-way
250	030	272505	9201	158,021	2131219	\$5,900	06/06/05	\$0.04	FRED MEYER STORE	CB	1	24	Easement or right-of-way
250	030	282605	9122	155,172	2153156	\$12,180,426	09/08/05	\$78.50	FRED MEYER INC (Assoc. Pkng. TL	BC	1	33	Lease or lease-hold
250	030	292104	9096	119,657	2107975	\$16,400,000	03/07/05	\$137.06	LOWES HARDWARE	BP	1	44	Tenant
250	030	292604	9109	302,461	2052514	\$48,455,000	06/28/04	\$160.20	Northgate North	NC3-65	1	22	Partial interest (1/3, 1/2, etc.)
250	030	362403	9166	113,390	2179932	\$1,000	12/28/05	\$0.01	TARGET STORE	C1-40	1	32	\$1,000 sale or less
250	058	162405	9310	132,899	2264119	\$11,000,000	01/31/07	\$82.77	MERVYN'S - FACTORIA SQUARE	F1	2	22	Partial interest (1/3, 1/2, etc.)
250	066	262505	9274	80,555	2131727	\$23,895,017	06/01/05	\$296.63	OVERLAKE FASHION PLAZA	RC	3	7	Questionable per sales identificatio